

THE PROBLEMS OF FUNDING THE HEALTH SYSTEM IN ALGERIA

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ABSTRACT

Promoting health is the major challenge of any health system. In Algeria, the right of people to protect their health was realized in 1974 by the development of a health system based on the principle of free health care for all, without discrimination, while ensuring fairness and solidarity in access to care, this is a condition of effectiveness of health systems.

The Algerian health system is organized around a dominant public sector, which is funded primarily by the state, social security and households and private sector continues to grow since the passage of 'Algeria to the market economy

Today, health expenditures continue to increase, Algeria is faced with a number of choices depending on available resources and health priorities.

KEYWORDS: Health System, Funding, Health Spending, Reformation, Algeria

INTRODUCTION

The health sector is the social core sector of any country including Algeria, thus the Algerian government devoted a high priority. Funding for this system is essentially public, but this modality meeting certain limits. The purpose of any health system is responding to the needs of the population response to a request expressed or not, this will result in the development of health policy. A policy that differs from one country to another and depends mainly on the needs of the population and available resources.

All health systems are under pressure arising from demographic transitions, social inequalities, health issues increasingly complex, expensive technology and lack of health care professionals. These changes are part of themselves in the wider globalization of trade and the fragile ecosystem context. The combined effect of these changes calls into question the political foundations and social consensus on which were historically based choices concerning systems and health organizations, their management and governance.

DEFINITION AND PRESENTATION OF THE COMPONENTS OF THE HEALTH SYSTEM

A health system is a set of model structure which is reproducible. According to the WHO [1], the health system includes all activities, formal or informal, which focuses on health services available to the availability of a population to meet their needs in terms of health.

The health system includes equipment and stakeholders in order to promote, restore or maintain the health of individuals. It includes all the interventions for the prevention, diagnosis and treatment of symptoms of illness and accidents.

Ideally, the role of any health system is to identify in the first place the needs of the population while deducting priorities and secondly to implement the policies and actions of health can meet those needs.

THE OBJECTIVES OF THE HEALTH SYSTEM ALGERIEN

All health systems have the primary aim of improving the health status of the population best suited to their needs as possible.

According to WHO (2000) [1], a health system must be efficient. It should provide comprehensive, continuous and personal care, without neglecting any aspect of the promotion of the protection and restoration of health. Thus, it must be accessible to all regardless of socio-economic and socio-cultural level.

The objectives of a health system must be directly related to the health status of the population and maintenance. It should have the capacity to meet the expectations of the population.

Other objectives relate to the financial contribution that individuals must pay for the services in case of need, because the disease is unpredictable and can have very serious social and financial consequences.

In the same context, American authors have suggested that health systems should have three main purposes [2] simultaneously:

- **Improve the Health Status of the Population (Efficiency and Equity):** This is to enhance the positive impact of care and services on the health of the population (efficiency) while reducing gaps that characterize the distribution of health status between different groups (equity). The quality and appropriateness of care are critical dimensions here, where there is often room for improvement
- **Improve the Experience of Care and Services (Reactivity):** This objective involves responding rapidly and fluid needs of individuals and groups manner, ensuring the delivery of services and interventions for the sake of respect, autonomy, privacy, dignity and empowerment. It is linked to customer satisfaction and non-technical quality of care and services.
- **Optimize the Use of Resources (Efficiency and Sustainability):** This objective involves making the best possible with the necessarily limited resources mobilized by the health system, that is to say, to maximize efficiency. Efficiency is defined as the ratio between the health outcomes achieved and the resources invested. Resources include both people and knowledge technologies and infrastructure.

Efficiency is not just a financial issue, but relates to the judicious choice of resources to achieve a given result. Given the challenges of health transition, the optimal use of resources is essential to the viability of any health system.

These three objectives are not independent of each other; instead, they are in a dynamic relationship. The challenge of modern health systems is to find a balance that will maximize the health of the population and individual experience of care using the best available resources.

In fact, the health of the population depends not only on the health care system and the medical response is only one of the possible responses to the needs of the population. Indeed, there are factors such as nutrition, hygiene, sanitation, drinking water supply, education, empowerment of women which are certainly outside the health field, but which does nevertheless have a significant impact on health.

NEW CHALLENGES OF THE HEALTH SYSTEM ALGERIEN

The objectives set by the Ministry of Health, Population and Hospital Reform (MSPRH) through the action plan adopted in 2009 [5] are:

- The improvement of health coverage;
- Improving the quality of services;
- Support the demographic and epidemiological transitions;
- Streamlining management and promote coordination with other sectors.

THE TERMS OF FUNDING THE HEALTH SYSTEM ALGERIEN

Today's funding of health systems is a major concern of governments worldwide. In Algeria, the operating budget of the health sector is predetermined in the Finance Act, with the contribution of the State, the contribution of social security funds and participation of households. Once determined, the budget shall be divided between health institutions under the Ministry of Health, Population and Hospital Reform (MHPHR) according to the expressed need. When the equipment of the public sector budget, it is provided by the State [4].

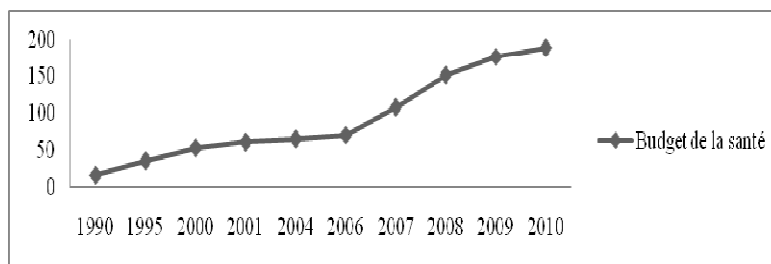
Financing of the health system, which is still marked largely by free health care in public health facilities is supported by three main actors: the State, Social Security and households.

The health budget has not evolved since 1990, he spent more than 16 billion dinars to nearly 190 billion DA in 2010 it an increase of nearly 189 % in the space of 20 years (Figure 1), this budget represents in 2010, nearly 2.95% of total state budget and 1.57 % of GDP respectively against 10.79% and 1.88 % in 1990. (Table 1)

Table 1: Evolution of the Health Budget in Algeria between 1990et 2010 (In Billions of DA)

	1990	1995	2000	2001	2004	2006	2007	2008	2009	2010
Overall state budget	149,5	437,97	965,32	948,76	3257,3	3575,3	3946,7	4882,2	5475	6468,9
Health budget	16,14	35,92	53,34	61	65,32	70,31	108,12	151,73	176,9	189,85
GDP	858,45	1955	4099	4227	6135	8460	9389	11090	10034	12049
The share of the health budget in the state budget (%)	10,79	8,2	5,52	6,4	2,005	1,966	2,739	3,107	3,231	2,934
the share of the health budget to GDP (%)	1,88	1,8	1,3	1,44	1,06	1,15	1,15	1,36	1,76	1,57
Rate of evolution of the health budget in % (base 1990)	-	34,92	52,34	60	64,32	69,31	107,12	150,73	175,9	188,85

Source: Made by as from data oh world bank.



Source: Made by as from table 1

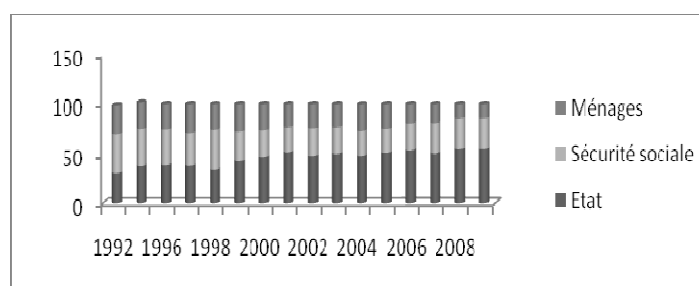
Figure 1: Evolution of the Health Budget between 1990 and 2010

The health financing in Algeria is mainly provided by the State, Social Security and households. The part of the State has increased continuously from over 30% in 1992 to over 55% in 2009, when the social security contribution reaches nearly 40% in 1998, down more than 23 % in 2005 and stabilizes goshawks 31% in 2009. The share of households has declined in recent years, nearly 14% in 2009 (Table 2)

Table 2: Evolution of the Share of the State, Social Security and Households in the Financing of the Health System (in%)

Years	1992	1994	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
State	30,5	37,5	38,45	37,93	34,04	42,56	47,27	51,62	48,42	50,38	48,43	51,16	53,8	50,7	55,1	55,2
Social Security	38,87	37,1	35,64	32,57	39,7	29,33	26,02	25,77	26,88	27,01	24,01	23,63	27,4	30,9	31	31
Households	29,3	27	25,9	29,5	26,2	28,1	26,7	22,6	24,7	22,6	27,5	25,2	18,8	18,4	13,9	13,8

Source: N. Mahfoud Analysis from the test drug spending medicare and the phenomenon of delisting in Algeria, memory magisterium in Health Economics and Sustainable Development, University of Bejaia, 2009



Source: Made by as from the table 2

Figure 2: Evolution of Household Contributions in the Financing of Health

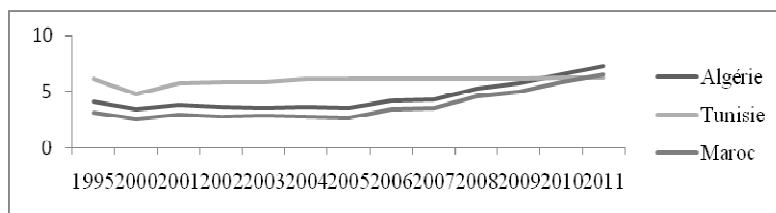
EXPLOSION OF HEALTH EXPENDITURE IN ALGERIA

For over thirty years, health expenditures are increasing at a rapid pace. These changes affect all developed countries and underdeveloped, whatever the health care system and health insurance in place [15]. Drift spending long led the implementation of policies to better control their evolution. Now the level reached by these expenditures, the weight they place on the economy, recurrent financial crises of health insurance plans in an unfavorable context of changing recipes, put health at the heart of political debate for over fifteen years. In Algeria, spending growth concerns all categories of care, but not with the same intensity. The hospital is usually the sector with the most massive spending a larger share [9].

Work in health economics have shown that the implementation of incentive policies, even to the extent of competitive mechanisms can limit certain strategic behavior of producer and consumer care and increase system efficiency of care without losing equity. In this way, reforms, sometimes very large, health systems have been undertaken in different countries [8].

Health Expenditure as % of Gross Domestic Product (GDP)

In Algeria, the expenditure on health as % of GDP has increased continuously for more than 15 years, rising more than 4 % in 1995 to more than 7 % in 2011, it an increase of 75.54 %. Tunisia has long devoted more health averaging 6% in contrast to Morocco whose % in GDP did not exceed 3 % for 10 years (1995-2005) to wait in 2011, 6%. (Figure 3)



Source: Made by us from the Data: MSPRH for Algeria,
For Morocco and Tunisia: WHO: World Health Statistics, WHO, 2012

Figure 3: Evolution of the Share of GDP Devoted to Health in the Countries of Maghreb

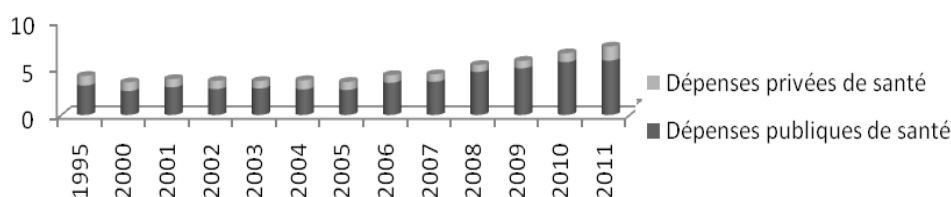
Evolution of Public Health Expenditure and Private Algeria

Public expenditure on health has been a significant increase since 2005, from nearly 3% of GDP to nearly 6%. When private spending, they have been declining since 1995, and then grow in health spending and 1.5% of GDP. (Table 3).

Table 3: Evolution of Expenditure of Public and Private Health as% of GDP in Algeria between 1995 and 2011

	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public health expenditure	3,15	2,56	2,97	2,77	2,84	2,74	2,68	3,45	3,56	4,61	4,99	5,66	5,82
Private expenditure on health	1,02	0,93	0,87	0,88	0,79	0,98	0,86	0,81	0,8	0,74	0,8	0,94	1,5
All health expenditures	4,17	3,49	3,84	3,65	3,63	3,72	3,54	4,26	4,36	5,35	5,79	6,6	7,32

Source: Made by us based on data collected from the MSPRH and data oh World Bank



Source: Made by ourselves from Table 3

Figure 4: Evolution of the Respective Shares of Public and Private Health Expenditure in Algeria from 1995 to 2011

Spending growth is common to all health systems characteristic, but it appears to be particularly pronounced in Algeria. Improving health is often credited to this increased spending, although other factors play an important role. The weight of the financial burden of these costs calls today to conduct assessments of the quality of medical care systems, but they are still underdeveloped, limited in several countries [14]

FACTORS EXPLAINING THE INCREASE OF HEALTH EXPENDITURE IN ALGERIA

Several factors are behind the increase constantly health expenditure namely:

Evolution of the Algerian Population

The demographic issue in Algeria has become a concern for the past two decades. The latest census according to the National Statistics Office (NSO) shows an average annual natural increase of 2.11 %.

The volume of the Algerian population increased from 25 million in 1990 to 37,100,000 in July 2012, a natural increase of 48.28 % in area 22. These findings are both challenges and issues in population, their care requires a policy

should be based on expanding access to health services, as well, the government must take a number of measures namely [5]:

- Improving the quality of services in terms of reception, the capacities of staff availability.
- Strengthening the program safe motherhood in developing pre and postnatal monitoring and improving the conditions of confinement.
- The development of information and communication activities and raise awareness of relevant

The Aging of the Population

Regarding the structure of the population, the age recorded a narrowing of the base and a gradual expansion to the summit, and, in 1990, the age group between 0 and 14 years is over 43 % and 65 near 4%. 21 years later, this pyramid is basically a rate of nearly 27% for the first age group and a rate of nearly 5 % at the top (according to the data of World Bank).

From the age of the elderly has experienced a significant increase in recent years, this has a negative impact on health expenditures that are growing because of: improvements in life expectancy and increase their health care costs (including costs of diseases decivilization).

The Impact of an Aging Population

Growth of health spending may also be linked to deformation of the structure of the population in favor of older age classes; consumption elderly care being two to three times higher than that of young adults.

The mechanical impact of aging on expenditures must be supplemented, however, by analyzing patterns of care for each age. In addition, generation effects in the use of health care system must be taken into account.

THE EPIDEMIOLOGICAL SITUATION

For many years, the health situation in Algeria was dominated by diseases transmissible. But the last two decade, changes in prevailing health problems was found with a place increasingly large occupied by non-communicable diseases, especially chronic diseases (cardiovascular diseases, cancers etc). This change in health status, known as the «epidemiological transition», is characterized by a situation where overlapping diseases linked to poverty and lack of hygiene, and those related to development (stress, urbanization, lifestyle, power mode, etc.).

EXTENSION OF HEALTH CARE PROVISION

The large number of public and private health facilities has improved access to care and greater supervision needs of the population.

ADJUSTMENT OF THE REMUNERATION OF MEDICAL STAFF

Given that personnel costs represent the largest share of health spending, and following the wage demands of public medical profession with the number of health professional who is constantly increasing , this in a significant increase in health spending .

EXTENSION OF SOCIAL SECURITY COVERAGE

Management of care by social security agencies to an important role in soaring health costs. Development of social security coverage and third party payer system is actually one of the main causes of the expansion of these expenditures, moreover, in 2009[, the National Social Insurance Fund has recorded more than 8 million insured [8].

Technological Progress

A significant portion of spending growth can be linked to the progress of medicine and the changes in living standards.

The expansion of spending is also due to advances in medicine. Technological innovations multiply the possibilities of diagnosis and treatment while improving the results of the health system, nevertheless, they raise a new request (support usually untreated pathologies on a medical plan) and may have an expansive impact on costs for diseases previously treated.

THE CONTROL MEASURES OF HEALTH EXPENDITURE MADE IN ALGERIA

The extent to face a sustained increase in health expenditure in Algeria caused by the triple transition, demographic, epidemiological and economic, several reforms have been made by the government in an effort to alleviate this bill. We present in the following key reforms:

Measures to Control the Drug Bill

Drug spending prominently in insurance spending in Algeria, it is in this sense that a certain number of measures taken by masters including [15]:

The Implementation of the Refund Policy Based Reference Rate

Empower more consumers this new policy placed in Algeria since 2006 and aims to encourage the use of generic drugs. This is the cheapest price that has the best cost / benefit and which the drug is reimbursed report.

Promoting Generic

The import drug bill Algeria weighs heavily on health expenditures and the promotion of generic through reimbursement based reference rate encourages the Algerian pharmaceutical production

The Delisting of Drugs

Through this measure, the government has tried to reduce the list of reimbursable drugs in 1995, this list is limited to vitamins and minerals, but unfortunately in recent years, this list has been expanded and key drug databases different therapeutic specialties.

Chifa the Map

The implementation of the chifa card is one of the main reforms to the mastery of expenditure. This card reduced waste by drug consumption through the mastery of expenditure prescription. It also put an end to abuse and fraud; it is a new form of medical supervision.

The Establishment of Contractual

In Algeria, the Finance Acts of 1992 redefined a new form of health financing is contracting [10]. Now finance laws provide that the contribution of social security to the operating budgets of public health institutions must be implemented on the basis of contractual relationships. Indeed, it is to establish contractual relations between the hospital and the different funders made by social security funds to ensure more transparency between health care providers and organizations of social security, a better control of spending and an improvement in the quality of care delivery. The ultimate goal of contracting is then to move from a traditional budget management to management by objectives.

CONCLUSIONS

Despite all the reform measures taken by the Algerian government health expenditures continue to increase due to the persistence of particular epidemiological and demographic transition, as well, the government should review these reforms and make other with the aim of responding to the needs of population health. Today, the search for new sources of funding for Algerian health system is essential.

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